

**BOARD OF EDUCATION
UNIFIED SCHOOL DISTRICT NO. 463
Udall, Kansas**

**Financial Statements
June 30, 2010**

**with
Independent Auditors' Report**

UNIFIED SCHOOL DISTRICT NO. 463

Financial Statements

Year Ended June 30, 2010

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INDEPENDENT AUDITORS' REPORT

Board of Education
Unified School District No. 463
Udall, Kansas

We have audited the accompanying financial statements of the individual funds of Unified School District No. 463, Udall, Kansas, as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Kansas Municipal Audit Guide and auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the District's policy is to prepare its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the cash and unencumbered cash balances of each of the various funds of Unified School District No. 463, Udall, Kansas, as of June 30, 2010, and the revenues received and expenditures paid of such funds for the year then ended on the basis of accounting described in Note 1. The schedules and other information listed in the table of contents have been subjected to the auditing procedures applied in the audit of the financial statements referred to above and, in our opinion, such additional information is fairly stated in all material respects in relation to the financial statements taken as a whole.

This report is intended solely for the use of the management of Unified School District No. 463 and the Kansas Department of Education and should not be used for any other purpose.

Peterson Peterson & Goss LC

January 5, 2011

UNIFIED SCHOOL DISTRICT NO. 463
Summary of Cash Receipts, Expenditures and Unencumbered Cash
Year Ended June 30, 2010

Funds	Beginning Unencumbered Cash Balance	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances	Ending Cash Balance
General	\$ (300,327)	\$ 2,891,112	\$ 2,905,089	\$ (314,304)	\$ 5,226	\$ (309,078)
Supplemental General	(47,230)	932,239	977,243	(92,234)	5,750	(86,484)
Special Revenue:						
At Risk (4 yr old)	4,519	5,000	6,589	2,930	-	2,930
At Risk (K-12)	26,876	190,971	141,067	76,780	1,398	78,178
Capital Outlay	300,398	157,514	616	457,296	-	457,296
Contingency Reserve	184,316	109,879	6,002	288,193	-	288,193
Driver Training	11,722	1,250	3,242	9,730	-	9,730
Food Service	33,486	160,136	167,053	26,569	18,709	45,278
KPERS Special Retirement Contribution	-	177,568	177,568	-	-	-
Professional Development	5,329	-	1,415	3,914	-	3,914
Special Education	240,092	399,901	431,832	208,161	-	208,161
Vocational Education	40	90,575	88,340	2,275	-	2,275
Textbook Rental	31,417	20,044	104	51,357	-	51,357
Recreation Commission	10,335	12,919	16,888	6,366	-	6,366
Rural Ed (Reap) Grant	3,700	19,820	23,520	-	409	409
Kan Ed Grant	7,394	1,000	-	8,394	-	8,394
Health Insurance Fund	-	4,143	4,143	-	-	-
Gate Receipts	4,914	28,197	31,808	1,303	-	1,303
School Projects	360	42,415	33,322	9,453	-	9,453
Federal Projects:						
Title I - Low Income	-	45,605	43,661	1,944	1,550	3,494
Title IIA - Improving Teacher Quality	-	17,025	17,025	-	-	-
Title IID - Tech Literacy	-	344	-	344	-	344
Drug Free	-	1,033	1,033	-	-	-
School to Career	-	-	-	-	-	-
Debt Service:						
Bond and Interest	157,282	237,042	217,876	176,448	-	176,448
Expendable Trust	4,654	23,241	3,375	24,520	-	24,520
Total Reporting Entity	<u>\$ 679,277</u>	<u>\$ 5,568,973</u>	<u>\$ 5,298,811</u>	<u>\$ 949,439</u>	<u>\$ 33,042</u>	<u>\$ 982,481</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 463
Summary of Cash Receipts, Cash Disbursements and Unencumbered Cash
Year Ended June 30, 2010

Composition of Cash:

Checking Accounts - Union State Bank	\$ 218,425
Municipal Investment Pool	<u>794,542</u>
Total Cash	<u>1,012,967</u>

Agency Funds per Statement 4

(30,486)

Total Reporting Entity

\$ 982,481

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 463
Summary of Expenditures - Actual and Budget
Year Ended June 30, 2010

<u>Funds</u>	<u>Certified Budget</u>	<u>Adjustment to Comply With Legal Max</u>	<u>Adjustment for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance Favorable (Unfavorable)</u>
General	\$ 3,109,088	\$ (203,999)	\$ -	\$ 2,905,089	\$ 2,905,089	\$ -
Supplemental General	988,148	(10,905)		977,243	977,243	-
Special Revenue:						
At Risk (4 yr old)	12,986			12,986	6,589	6,397
At Risk (K - 12)	238,621			238,621	141,067	97,554
Capital Outlay	301,383			301,383	616	300,767
Driver Training	12,974			12,974	3,242	9,732
Food Service	180,671			180,671	167,053	13,618
KPERS Special Retirement Contribution	204,727			204,727	177,568	27,159
Professional Development	5,329			5,329	1,415	3,914
Special Education	568,615			568,615	431,832	136,783
Vocational Education	90,049			90,049	88,340	1,709
Recreation Commission	12,912		1,988	14,900	16,888	-
Debt Service:						
Bond and Interest	236,868			236,868	217,876	18,992

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 463

General Fund

Statement of Cash Receipts and Expenditures - Actual and Budget
Year Ended June 30, 2010

	Budget	Actual	Variance Favorable (Unfavorable)
Cash Receipts:			
Taxes and shared revenue:			
Ad valorem property	\$ 258,128	\$ 265,722	\$ 7,594
Delinquent tax	2,647	2,537	(110)
Mineral production tax	-	545	545
Federal aid:			
ARRA stabilization funds	143,026	143,526	500
State aid:			
Equalization aid	2,172,764	2,185,311	12,547
Special education aid	328,524	293,471	(35,053)
Total Cash Receipts	2,905,089	2,891,112	(13,977)
Expenditures:			
Instruction	1,384,000	1,250,345	133,655
Student support services	17,000	8,000	9,000
Instructional support staff	33,300	2,857	30,443
General administration	252,000	223,117	28,883
School administration	270,500	249,946	20,554
Operation and maintenance	435,000	283,329	151,671
Vehicle services and maintenance	120,600	106,264	14,336
Transfers to:			
At Risk (4 yr old) Fund	8,436	5,000	3,436
At Risk (K-12) Fund	211,744	190,971	20,773
Capital Outlay Fund	12,975	153,000	(140,025)
Contingency Fund	-	105,489	(105,489)
Special Education Fund	328,524	293,471	35,053
Vocational Education Fund	35,009	33,300	1,709
Adjustment to comply with legal max	(203,999)	-	(203,999)
Total Expenditures	2,905,089	2,905,089	-
Receipts Over (Under) Expenditures	-	(13,977)	(13,977)
Unencumbered Cash, Beginning	-	(300,327)	(300,327)
Unencumbered Cash, Ending	\$ -	\$ (314,304)	\$ (314,304)

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 463
 Supplemental General Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Receipts:			
Taxes and shared revenue:			
Ad valorem property	\$ 320,228	\$ 331,516	\$ 11,288
Delinquent tax	3,055	3,045	(10)
Motor vehicle tax	49,156	49,779	623
Federal aid ARRA stabilization funds	-	142,262	142,262
State aid	569,440	405,637	(163,803)
Total Cash Receipts	<u>941,879</u>	<u>932,239</u>	<u>(9,640)</u>
Expenditures:			
Instruction	441,000	514,670	(73,670)
School administration	380,000	282,573	97,427
Transfers to:			
Food Service Fund	20,000	25,000	(5,000)
Professional Development Fund	10,000	-	10,000
Special Education Fund	82,148	100,000	(17,852)
Vocational Education Fund	55,000	55,000	-
Adjustment to comply with legal max	(10,905)	-	(10,905)
Total Expenditures	<u>977,243</u>	<u>977,243</u>	<u>-</u>
Receipts Over (Under) Expenditures	(35,364)	(45,004)	(9,640)
Unencumbered Cash, Beginning	<u>46,269</u>	<u>(47,230)</u>	<u>(93,499)</u>
Unencumbered Cash, Ending	<u>\$ 10,905</u>	<u>\$ (92,234)</u>	<u>\$ (103,139)</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 463
At Risk (4 yr old) Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Receipts:			
Transfers from:			
General Fund	\$ 8,436	\$ 5,000	\$ (3,436)
Expenditures:			
Instruction	<u>12,986</u>	<u>6,589</u>	<u>6,397</u>
Receipts Over (Under) Expenditures	(4,550)	(1,589)	2,961
Unencumbered Cash, Beginning	<u>4,550</u>	<u>4,519</u>	<u>(31)</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ 2,930</u>	<u>\$ 2,930</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 463
At Risk (K-12) Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Receipts:			
Transfers from:			
General Fund	\$ 211,744	\$ 190,971	\$ (20,773)
Expenditures:			
Instruction	<u>238,621</u>	<u>141,067</u>	<u>97,554</u>
Receipts Over (Under) Expenditures	(26,877)	49,904	76,781
Unencumbered Cash, Beginning	<u>26,877</u>	<u>26,876</u>	<u>(1)</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ 76,780</u>	<u>\$ 76,780</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 463
 Capital Outlay Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Cash Receipts:			
Taxes and shared revenue:			
Delinquent tax	\$ -	\$ 26	\$ 26
Interest earnings	-	4,420	4,420
Other	-	68	68
Transfer from General Fund	12,975	153,000	140,025
Total Cash Receipts	<u>12,975</u>	<u>157,514</u>	<u>144,539</u>
Expenditures:			
Facility acquisition and service	<u>301,383</u>	<u>616</u>	<u>300,767</u>
Receipts Over (Under) Expenditures	(288,408)	156,898	445,306
Unencumbered Cash, Beginning	<u>301,383</u>	<u>300,398</u>	<u>(985)</u>
Unencumbered Cash, Ending	<u>\$ 12,975</u>	<u>\$ 457,296</u>	<u>\$ 444,321</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 463
Contingency Reserve Fund
Statement of Cash Receipts and Expenditures - Actual
Year Ended June 30, 2010

Cash Receipts:

Other	\$ 4,390
Transfers from General Fund	105,489
Total Cash Receipts	<u>109,879</u>

Expenditures:

Instruction	<u>6,002</u>
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Receipts Over (Under) Expenditures	103,877
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Unencumbered Cash, Beginning	<u>184,316</u>
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Unencumbered Cash, Ending	<u><u>\$ 288,193</u></u>
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The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 463
 Driver Training Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Receipts:			
State aid	\$ 1,250	\$ 1,250	\$ -
Expenditures:			
Instruction	12,974	2,814	10,160
Vehicle operations	-	428	(428)
Total Expenditures	<u>12,974</u>	<u>3,242</u>	<u>9,732</u>
Receipts Over (Under) Expenditures	(11,724)	(1,992)	9,732
Unencumbered Cash, Beginning	<u>11,724</u>	<u>11,722</u>	<u>(2)</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ 9,730</u>	<u>\$ 9,730</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 463
Food Service Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Cash Receipts:			
State aid	\$ 1,661	\$ 1,514	\$ (147)
Federal aid	67,258	75,562	8,304
Charges for services (includes adjustment from State of Kansas)	81,700	58,060	(23,640)
Transfer from Supplemental General Fund	20,000	25,000	5,000
Total Cash Receipts	<u>170,619</u>	<u>160,136</u>	<u>(10,483)</u>
Expenditures:			
Food service operation	<u>180,671</u>	<u>167,053</u>	<u>13,618</u>
Receipts Over (Under) Expenditures	(10,052)	(6,917)	3,135
Unencumbered Cash, Beginning	<u>30,052</u>	<u>33,486</u>	<u>3,434</u>
Unencumbered Cash, Ending	<u><u>\$ 20,000</u></u>	<u><u>\$ 26,569</u></u>	<u><u>\$ 6,569</u></u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 463
 KPERS Special Retirement Contribution Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Cash Receipts:			
State aid	\$ 204,727	\$ 177,568	\$ (27,159)
Expenditures:			
Instruction	140,152	121,323	18,829
Student support	1,261	144	1,117
Instructional support	2,522	335	2,187
General administration	13,452	13,830	(378)
School administration	18,496	17,676	820
Operations and maintenance	13,452	12,437	1,015
Student transportation services	9,458	6,968	2,490
Food service	5,934	4,855	1,079
Total Expenditures	<u>204,727</u>	<u>177,568</u>	<u>27,159</u>
Receipts Over (Under) Expenditures	-	-	-
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 463
Professional Development Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Receipts:			
Transfer from Supplemental General Fund	10,000	-	(10,000)
Expenditures:			
Student support services	<u>5,329</u>	<u>1,415</u>	<u>3,914</u>
Receipts Over (Under) Expenditures	4,671	(1,415)	(6,086)
Unencumbered Cash, Beginning	<u>5,329</u>	<u>5,329</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ 10,000</u>	<u>\$ 3,914</u>	<u>\$ (6,086)</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 463
 Special Education Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Cash Receipts:			
Medicaid	\$ -	\$ 6,430	\$ 6,430
Transfers from:			
General Fund	328,524	293,471	(35,053)
Supplemental General Fund	82,148	100,000	17,852
Total Cash Receipts	<u>410,672</u>	<u>399,901</u>	<u>(10,771)</u>
Expenditures:			
Payment to Co-op	475,000	404,844	70,156
Instruction	31,215	10,433	20,782
Student transportation services	62,400	16,555	45,845
Total Expenditures	<u>568,615</u>	<u>431,832</u>	<u>136,783</u>
Receipts Over (Under) Expenditures	(157,943)	(31,931)	126,012
Unencumbered Cash, Beginning	<u>240,091</u>	<u>240,092</u>	<u>1</u>
Unencumbered Cash, Ending	<u>\$ 82,148</u>	<u>\$ 208,161</u>	<u>\$ 126,013</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 463
 Vocational Education Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Receipts:			
Other	\$ -	\$ 2,275	\$ 2,275
Transfers from:			
General Fund	35,009	33,300	(1,709)
Supplemental General Fund	55,000	55,000	-
Total Cash Receipts	<u>90,009</u>	<u>90,575</u>	<u>566</u>
Expenditures:			
Instruction	<u>90,049</u>	<u>88,340</u>	<u>1,709</u>
Receipts Over (Under) Expenditures	(40)	2,235	2,275
Unencumbered Cash, Beginning	<u>40</u>	<u>40</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ 2,275</u>	<u>\$ 2,275</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 463
Textbook Rental Fund
Statement of Cash Receipts and Expenditures - Actual
Year Ended June 30, 2010

Cash Receipts:	
Textbook rental	\$ 20,044
Expenditures:	
Textbook purchases	<u>104</u>
Receipts Over (Under) Expenditures	19,940
Unencumbered Cash, Beginning	<u>31,417</u>
Unencumbered Cash, Ending	<u><u>\$ 51,357</u></u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 463
 Recreation Commission Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Receipts:			
Taxes and shared revenue:			
Ad valorem property	\$ 5,404	\$ 5,661	\$ 257
Delinquent tax	242	280	38
Motor vehicle tax	4,835	4,990	155
Grant proceeds	-	1,988	1,988
Total Cash Receipts	<u>10,481</u>	<u>12,919</u>	<u>2,438</u>
Expenditures:			
Community service operations	14,900	14,900	-
Legal Recreation Commission Fund Budget	14,900	14,900	-
Adjustment for qualifying budget credits	1,988	1,988	-
Total Expenditures	<u>16,888</u>	<u>16,888</u>	<u>-</u>
Receipts Over (Under) Expenditures	(6,407)	(3,969)	2,438
Unencumbered Cash, Beginning	<u>10,337</u>	<u>10,335</u>	<u>(2)</u>
Unencumbered Cash, Ending	<u>\$ 3,930</u>	<u>\$ 6,366</u>	<u>\$ 2,436</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 463
Rural Ed (Reap) Grant
Statement of Cash Receipts and Expenditures - Actual
Year Ended June 30, 2010

Cash Receipts:	
Rural Ed grant	\$ 19,820
Expenditures:	
Grant expenses	<u>23,520</u>
Receipts Over (Under) Expenditures	(3,700)
Unencumbered Cash, Beginning	<u>3,700</u>
Unencumbered Cash, Ending	<u><u>\$ -</u></u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 463
Kan Ed Grant
Statement of Cash Receipts and Expenditures - Actual
Year Ended June 30, 2010

Cash Receipts:	
Grant proceeds	\$ 1,000
Expenditures:	
Grant expenses	<u>-</u>
Receipts Over (Under) Expenditures	1,000
Unencumbered Cash, Beginning	<u>7,394</u>
Unencumbered Cash, Ending	<u><u>\$ 8,394</u></u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 463
Health Insurance Fund
Statement of Cash Receipts and Expenditures - Actual
Year Ended June 30, 2010

Cash Receipts	\$ 4,143
Expenditures	<u>4,143</u>
Receipts Over (Under) Expenditures	-
Unencumbered Cash, Beginning	<u>-</u>
Unencumbered Cash, Ending	<u><u>\$ -</u></u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 463
Federal Projects Funds
Statement of Cash Receipts and Expenditures - Actual
Year Ended June 30, 2010

	<u>Title I - Low Income</u>	<u>Title II A- Improving Teacher Quality</u>	<u>Title II D- Tech Literacy</u>	<u>Drug Free</u>
Cash Receipts:				
Federal aid	\$ 41,920	\$ 17,025	\$ 344	\$ 1,033
ARRA stabilization funds	3,685			
Expenditures:				
Instruction and supplies	<u>43,661</u>	<u>17,025</u>	<u>-</u>	<u>1,033</u>
Receipts Over (Under) Expenditures	1,944	-	344	-
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ 1,944</u>	<u>\$ -</u>	<u>\$ 344</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 463
Bond and Interest Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Cash Receipts:			
Taxes and shared revenue:			
Ad valorem property	\$ 106,219	\$ 108,339	\$ 2,120
Delinquent tax	1,093	1,317	224
Motor vehicle tax	20,335	20,840	505
State aid	106,546	106,546	-
Total Cash Receipts	<u>234,193</u>	<u>237,042</u>	<u>2,849</u>
Expenditures:			
Interest	51,768	16,404	35,364
Commission and postage	100	3	97
Principal	185,000	185,000	-
Refinancing fees, net of reimbursement	-	16,469	(16,469)
Total Expenditures	<u>236,868</u>	<u>217,876</u>	<u>18,992</u>
Receipts Over (Under) Expenditures	(2,675)	19,166	21,841
Unencumbered Cash, Beginning	<u>157,280</u>	<u>157,282</u>	<u>2</u>
Unencumbered Cash, Ending	<u>\$ 154,605</u>	<u>\$ 176,448</u>	<u>\$ 21,843</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 463
Expendable Trust Fund
Statement of Cash Receipts and Expenditures - Actual
Year Ended June 30, 2010

Cash Receipts:

Interest earnings and contributions	\$ 23,241
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Expenditures:

Scholarships	<u>3,375</u>
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Receipts Over (Under) Expenditures	19,866
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Unencumbered Cash, Beginning	<u>4,654</u>
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Unencumbered Cash, Ending	<u><u>\$ 24,520</u></u>
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The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 463
 School Activity Funds
 Statement of Cash Receipts and Cash Disbursements - Actual
 Year Ended June 30, 2010

Funds	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Student Organization Funds:				
Junior High and High School:				
Band Club	\$ 1,210	\$ 6,004	\$ 6,659	\$ 555
Baseball	87	127	214	-
Softball	615	1,983	1,653	945
Choir	141	520	334	327
Class of 2010	1,462	3,344	4,306	500
Class of 2011	1,256	15,469	14,010	2,715
Class of 2012	689	3,217	2,140	1,766
Class of 2013	-	2,787	1,958	829
Cheerleaders	848	6,758	7,427	179
Dance Team	458	5,067	5,019	506
Faculty	183	4,878	4,943	118
FCCLA	1,121	613	1,450	284
Middle School	3,605	10,041	9,028	4,618
MS Cheerleaders	443	3,666	3,890	219
Lettermen's Club	392	-	392	-
National Honor Society	277	1,068	1,142	203
Other	2,696	51	-	2,747
Student Council	3,105	4,020	6,313	812
Sr. High GCTL	1,666	55	285	1,436
Technology Club	1,228	2,700	2,867	1,061
FBLA	205	544	680	69
Total	<u>21,687</u>	<u>72,912</u>	<u>74,710</u>	<u>19,889</u>
Elementary:				
Pencil	480	457	421	516
Children's Theatre	5,902	9,613	8,330	7,185
Pop	663	78	106	635
Accelerated Reader	303	155	14	444
Field Trip/Class Projects	384	2,633	2,015	1,002
Kids For Voting	632	260	333	559
Faculty	55	443	245	253
Nurse Grant	-	-	-	-
Yearbook	-	608	608	-
Coffee & Tea	-	65	62	3
Total	<u>8,419</u>	<u>14,312</u>	<u>12,134</u>	<u>10,597</u>
Total Student Organization Funds	<u>\$ 30,106</u>	<u>\$ 87,224</u>	<u>\$ 86,844</u>	<u>\$ 30,486</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 463
 District Activity Funds
 Statement of Cash Receipts, Expenditures and Unencumbered Cash
 Year Ended June 30, 2010

<u>Funds</u>	<u>Beginning Unencumbered Cash Balance</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Ending Unencumbered Cash Balance</u>	<u>Add Outstanding Encumbrances</u>	<u>Ending Cash Balance</u>
Gate Receipts:						
Athletics	\$ 3,960	\$ 26,402	\$ 29,999	\$ 363	\$ -	\$ 363
Play Drama	954	1,795	1,809	940	-	940
Total Gate Receipts	4,914	28,197	31,808	1,303	-	1,303
School Projects:						
Yearbook	2,576	6,641	5,066	4,151	-	4,151
Project Graduation	-	-	-	-	-	-
Laptop Computer	-	5,298	5,238	60	-	60
Art	361	2,360	1,516	1,205	-	1,205
Drivers education	-	2,669	44	2,625	-	2,625
Other	(2,577)	25,447	21,458	1,412	-	1,412
Total School Projects	360	42,415	33,322	9,453	-	9,453
Total District Activity Funds	\$ 5,274	\$ 70,612	\$ 65,130	\$ 10,756	\$ -	\$ 10,756

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 463

Notes to Financial Statements

June 30, 2010

1. Summary of Significant Accounting Policies

This summary of significant accounting policies of Unified School District No. 463 (the District) is presented to assist in understanding the District's financial statements. The financial statements and notes are representations of the District's management, who is responsible for their integrity and objectivity. These accounting policies conform to a comprehensive basis of accounting other than generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Reporting Entity

The Unified School District No. 463 Board of Education ("Board") is the basic level of government which has financial accountability and control over all activities related to the public school education in the City of Udall, Kansas. The Board receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. However, the Board is not included in any other governmental "reporting entity" as defined by GASB pronouncement, since the seven Board members are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. In addition, there are no component units as defined in Governmental Accounting Standards Board Statement 14, which are included in the District's reporting entity.

Basis of Presentation

Fund Accounting - A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following types of funds comprise the financial activities of the District for the fiscal year of 2010:

Governmental Funds

General Fund - to account for all unrestricted resources except for those required to be accounted for in another fund.

Special Revenue Funds - to account for the proceeds of specific revenue sources that are restricted by law or administrative action to expenditures for specified purposes.

UNIFIED SCHOOL DISTRICT NO. 463

Notes to Financial Statements

June 30, 2010

1. Summary of Significant Accounting Policies (continued)

Debt Service Fund - to account for the accumulation of resources for, and the payment of, interest and principal on general long-term debt.

Fiduciary Funds

Expendable Trust Fund - to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

Basis of Accounting

Statutory Basis of Accounting. The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund and an expenditure would be charged in the fund from which the transfer is made.

The District has approved a waiver from generally accepted accounting principles, allowed by the State of Kansas, which allows the District to revert to the statutory basis of accounting.

Departure from Accounting Principles Generally Accepted in the United States of America. The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursements, cash and unencumbered cash balances and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year-end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. General fixed assets that account for the land, building and equipment owned by the District are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, temporary notes, and compensated absences are not presented in the financial statements.

UNIFIED SCHOOL DISTRICT NO. 463

Notes to Financial Statements

June 30, 2010

2. Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), and debt service funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. The budgets of the General Fund and Special Education Fund were amended for this year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments by the District for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

UNIFIED SCHOOL DISTRICT NO. 463

Notes to Financial Statements

June 30, 2010

2. Budgetary Information (other)

A legal operating budget is not required for trust funds and the following special revenue funds:

- Contingency Reserve Fund
- Textbook Rental Fund
- Rural Ed (Reap) Grant
- Kan Ed Grant
- Gate Receipts
- School Projects
- Federal Projects Funds
- Expendable Trust Fund
- Health Insurance Fund

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

3. Interfund Transfers

Recurring annual transfers between budgetary funds for the purpose of shifting resources from the fund legally required to receive the revenue to the fund authorized to expend the revenue were as follows:

<u>From</u>	<u>To</u>	<u>Statutory Authority</u>	<u>Amount</u>
General Fund	At Risk (4 yr old) Fund	K.S.A. 72-6428	\$ 5,000
General Fund	At Risk (K-12) Fund	K.S.A. 72-6428	190,971
General Fund	Special Education Fund	K.S.A. 72-6428	293,471
General Fund	Vocational Education Fund	K.S.A. 72-6428	33,300
General Fund	Capital Outlay Fund	K.S.A. 72-6428	153,000
General Fund	Contingency Reserve Fund	K.S.A. 72-6428	105,489
Supplemental General Fund	Vocational Education Fund	K.S.A. 72-6428	55,000
Supplemental General Fund	Special Education Fund	K.S.A. 72-6428	100,000
Supplemental General Fund	Food Service Fund	K.S.A. 72-6428	25,000

UNIFIED SCHOOL DISTRICT NO. 463

Notes to Financial Statements

June 30, 2010

4. Defined Benefit Pension Plan

Plan description. The District participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERS provides retirement benefits, life insurance, disability income benefits and death benefits. Kansas law establishes and amends benefits provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S Kansas, Suite 100; Topeka, KS 66603) or by calling 1-888-275-5737.

Funding policy. K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. Kansas currently contributes 7.97% of covered payroll. These contribution requirements are established by KPERS and are periodically revised. Kansas' contributions to KPERS for all Kansas public school employees for the years ending June 30, 2010, 2009, and 2008 were \$140,318,394, \$242,277,363, and \$220,815,154, respectively, equal to the required contributions for each year. Remaining balance due from the State for the year ending June 30, 2010 of \$108,149,792 was received by July 9, 2010.

5. Compensated Absences

Vacation

Twelve-month non-teacher personnel are provided vacation ranging from 1 to 3 weeks based on years of service. All vacation time is earned from July 1 to June 30 of each fiscal year and cannot be accumulated or carried forward. All vacation time must be used each year prior to August 1st. The estimated liability for accrued vacation pay at June 30, 2010 is \$2,937

Sick/Personal Leave

Full-time certified and classified staff contracted for twelve-month positions start each school year with twelve days of sick/personal discretion leave with full pay. Employees may accumulate unused sick leave to a total of 80 days. Classified employees are compensated for unused sick/personal leave upon retirement based on their rate of pay. Certified staff is eligible to receive \$93 per day for unused sick/personal leave upon retirement. The estimated liability for accrued sick/personal leave at June 30, 2010, if all employees were to retire, would be \$174,836.

UNIFIED SCHOOL DISTRICT NO. 463

Notes to Financial Statements

June 30, 2010

6. Risk Management

The District manages risk primarily through the purchase of insurance coverage from commercial insurers.

7. Deposits and Investments

Deposits

At June 30, 2010, the carrying amount of the District's deposits was \$218,425. The bank balance was \$485,364. The difference between the carrying amount and the bank balance is outstanding checks and deposits in transit. The bank balance was covered by \$250,000 FDIC insurance and the remaining \$235,364 for Union State Bank was collateralized by pledged securities held under joint custody receipts issued by Bankers Bank of Kansas. Bankers Bank of Kansas is independent of the Union State Bank.

Investments

Kansas statutes authorize the District to invest in U.S. Treasury bills and notes, repurchase agreements and the State Municipal investment pool. All investments must be insured, registered or held by the District or its agent in the District's name. The District's investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered, or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the dealer bank's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the dealer bank. Of the three risk categories, the investments classified in Risk Category 1 have the least risk to the municipality. At June 30, 2010, the District held investments in the State Municipal Investment Pool totaling \$794,670, a Category 1 investment.

8. Health Plan

As of October 1, 2005, the District terminated its self-insured health plan and began coverage with Blue Cross/Blue Shield. The District continues to provide \$300 per month per employee towards premiums and the employee is responsible for the additional amount of premium, if any. The District is not responsible for co-pays nor deductibles under the arrangement.

UNIFIED SCHOOL DISTRICT NO. 463
Notes to Financial Statements
June 30, 2010

9. Compliance with Kansas Statutes

Compliance with K.S.A. 9-1402

The District was in violation of K.S.A. 9-1402, regarding depository securities for public funds, with bank deposits of District funds being under-secured for various dates throughout the year.

10. Compliance with K.S.A. 72-6417(d) and K.S.A. 72-6434(d)

K.S.A. 72-6417(d) and K.S.A. 72-6434(d) require the school district to record any payment of general state aid that is due to be paid during the month of June and is paid to the school district after June 30, as a receipt for the school year ending June 30. The following shows the revenue as required by the statutes.

UNIFIED SCHOOL DISTRICT NO. 463
GENERAL FUND
STATUTORY REVENUES AND EXPENDITURES - STATUTORY AND BUDGET
For the Year Ended June 30, 2010

	<u>Budget</u>	<u>Statutory Transactions</u>	<u>Variance Favorable (Unfavorable)</u>
STATUTORY REVENUES:			
Taxes and shared revenue:			
Ad valorem property	\$ 258,128	\$ 265,722	\$ 7,594
Delinquent tax	2,647	2,537	(110)
Mineral production tax	-	545	545
Federal aid:			
ARRA stabilization funds	143,026	143,526	500
State aid:			
Equalization aid	2,172,764	2,199,788	27,024
Special education aid	328,524	293,471	(35,053)
Total Statutory Revenues	<u>2,905,089</u>	<u>2,905,589</u>	<u>500</u>
EXPENDITURES:			
Instruction	1,384,000	1,250,345	133,655
Student support services	17,000	8,000	9,000
Instructional support staff	33,300	2,857	30,443
General administration	252,000	223,117	28,883
School administration	270,500	249,946	20,554
Operation and maintenance	435,000	283,329	151,671
Vehicle services and maintenance	120,600	106,264	14,336
Transfers to:			
At Risk (4 yr old) Fund	8,436	5,000	3,436
At Risk (K-12) Fund	211,744	190,971	20,773
Capital Outlay Fund	12,975	153,000	(140,025)
Contingency Fund	-	105,489	(105,489)
Special Education Fund	328,524	293,471	35,053
Vocational Education Fund	35,009	33,300	1,709
Adjustment to comply with legal max	(203,999)	-	(203,999)
Total Expenditures	<u>2,905,089</u>	<u>2,905,089</u>	<u>-</u>
Revenue Over (Under) Expenditures	-	500	500
MODIFIED UNENCUMBERED CASH, JULY 1, 2009	<u>-</u>	<u>-</u>	<u>-</u>
MODIFIED UNENCUMBERED CASH, JUNE 30, 2010	<u>\$ -</u>	<u>\$ 500</u>	<u>\$ 500</u>

UNIFIED SCHOOL DISTRICT NO. 463
SUPPLEMENTAL GENERAL FUND
STATUTORY REVENUES AND EXPENDITURES - STATUTORY AND BUDGET
For the Year Ended June 30, 2010

	<u>Budget</u>	<u>Statutory Transactions</u>	<u>Variance Favorable (Unfavorable)</u>
STATUTORY REVENUES:			
Taxes and shared revenue:			
Ad valorem property	\$ 320,228	\$ 331,516	\$ 11,288
Delinquent tax	3,055	3,045	(10)
Motor vehicle tax	49,156	49,779	623
Federal aid ARRA stabilization funds	-	142,262	142,262
State aid	569,440	417,953	(151,487)
Total Statutory Revenues	<u>941,879</u>	<u>944,555</u>	<u>2,676</u>
EXPENDITURES:			
Instruction	441,000	514,670	(73,670)
School administration	380,000	282,573	97,427
Transfers to:			
Food Service Fund	20,000	25,000	(5,000)
Professional Development Fund	10,000	-	10,000
Special Education Fund	82,148	100,000	(17,852)
Vocational Education Fund	55,000	55,000	-
Adjustment to comply with legal max	(10,905)	-	(10,905)
Total Expenditures	<u>977,243</u>	<u>977,243</u>	<u>-</u>
Revenue Over (Under) Expenditures	(35,364)	(32,688)	2,676
MODIFIED UNENCUMBERED CASH, JULY 1, 2009	<u>-</u>	<u>46,270</u>	<u>46,270</u>
MODIFIED UNENCUMBERED CASH, JUNE 30, 2010	<u>\$ (35,364)</u>	<u>\$ 13,582</u>	<u>\$ 48,946</u>

UNIFIED SCHOOL DISTRICT NO. 463

Notes to Financial Statements

Year Ended June 30, 2010

10. Long Term Debt

Changes in long-term debt and future maturities are reflected below.

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
General Obligation Bonds:										
Refunding and School Improvement	3.90% to 4.90%	7/1/1998	1,955,000	11/1/2014	\$ 1,165,000	\$ -	\$ 1,165,000	\$ -	\$ -	\$ 4,348
Refunding	1.30% to 2.80%	11/1/2010	1,005,000	11/1/2014	-	1,005,000	-	-	1,005,000	12,056
Total General Obligation Bonds					1,165,000	1,005,000	1,165,000	-	1,005,000	16,404
Capital Leases:										
1 to 1 Initiative Laptop Computers	6.547%	6/12/2007	182,446	7/15/2009	60,734	-	60,734	-	-	4,290
1 to 1 Initiative Laptop Computers	6.668%	6/12/2009	232,153	7/15/2011	150,638	-	72,889	-	77,749	10,044
Total Capital Leases					211,372	-	133,623	-	77,749	14,334
Total contractual indebtedness					1,376,372	1,005,000	1,298,623	-	1,082,749	30,738
Compensated absences	N/A	N/A	N/A	N/A	153,360	-	-	24,413	177,773	-
Total Long-term Debt					\$ 1,529,732	\$ 1,005,000	\$ 1,298,623	\$ 24,413	\$ 1,260,522	\$ 30,738

Annual Debt Service Requirements

	2011	2012	2013	2014	2015	2016-2020	Total
Principal:							
General obligation bonds	\$ 210,000	\$ 210,000	\$ 220,000	\$ 225,000	\$ 140,000	\$ -	\$ 1,005,000
Capital leases	77,749	-	-	-	-	-	77,749
Total Principal	287,749	210,000	220,000	225,000	140,000	-	1,082,749
Interest:							
General obligation bonds	19,205	16,003	11,855	6,733	1,960	-	55,756
Capital leases	5,184	-	-	-	-	-	5,184
Total Interest	24,389	16,003	11,855	6,733	1,960	-	60,940
Total Principal and Interest	\$ 312,138	\$ 226,003	\$ 231,855	\$ 231,733	\$ 141,960	\$ -	\$ 1,143,689

The notes to the financial statements are an integral part of this statement.